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FM AMEMBASSY ASHGABAT
TO RUEHC/SECSTATE WASHDC PRIORITY 9646
INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
RUCNCIS/CIS COLLECTIVE
RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHAK/AMEMBASSY ANKARA 2936
RUEHBJ/AMEMBASSY BEIJING 0756
RUEHKO/AMEMBASSY TOKYO 0632
RUEHIT/AMCONSUL ISTANBUL 1209
RUEHVEN/USMISSION USOSCE 1865
RHMFIUU/CDR USCENTCOM MACDILL AFB FL
RUEAAIA/CIA WASHDC
RUCPDOC/DEPT OF COMMERCE WASHDC
RHEBAAA/DEPT OF ENERGY WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RHEFDIA/DIA WASHDC
RUEKJCS/Joint STAFF WASHDC
RHEHNSC/NSC WASHDC
RUEKJCS/SECDEF WASHDC

UNCLAS ASHGABAT 001190

SIPDIS

SENSITIVE
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STATE FOR SCA/CEN, EEB
DOE FOR LANA EKIMOFF/KAY THOMPSON
PLEASE PASS TO USTDA DAN STEIN

E.O. 12958: N/A

TAGS: [PGOV](#) [PREL](#) [ECON](#) [EFIN](#) [TX](#)
SUBJECT: TURKMENISTAN: REUTERS REPORT ON EXCHANGE RATE
UNIFICATION DECIDEDLY PREMATURE

REF: A. ASHGABAT 1124

[1B.](#) ASHGABAT 0968
[1C.](#) ASHGABAT 0970

[11.](#) (U) Sensitive but unclassified. Not for public Internet.

[12.](#) (SBU) The November 1 report by Reuters that Turkmenistan state media had reported Turkmenistan would unify the official and black market exchange rates as part of a wider economic reform program is untrue. European Bank for Reconstruction and Development (EBRD) Resident Office Head Tony Myron told EconOff November 1 there is no truth to the Reuters story. Myron met with Central Bank Chairman Abilov on Friday, who, denying the government had taken this step, said he was "amused" by the report. He also said he did not know the source.

[13.](#) (SBU) Post suspected there was less than meets the eye with the Reuters report when we first read it. New government policy, such as this move would be, or the decision to redenominate the manat, the national currency (Ref. A), is always featured in the official newspaper, "Neutral Turkmenistan." While "Neutral Turkmenistan" covered Berdimuhamedov's remarks at a conference marking the 14th anniversary of the manat, nowhere did the article mention the government had definitively decided to move to a single exchange rate. What was covered: historical background and significance of the manat, how the new Avaza tourist zone will help the economy and add to citizens' quality of life (Refs. B and C), and the "Strategy of Economic, Political, and Cultural Development of Turkmenistan in 2020." The article did say that the banking sector would have the capability of introducing "payment terminals and bank machines" (ATMs) and "plastic cards." The only possible allusion to exchange rates in the article was this vague

sentence: "With the introduction into circulation of the (new) national currency (in 2009, which will lop off three zeros), the banking system of the country has an opportunity to bring order in the implementation of the monetary policy circulation of foreign currency in the country."

¶4. (SBU) A second article displayed color representations of the proposed new manat designs, and stated the new denominations would reduce the amount of money in circulation (presumably meaning the actual number of bills). In addition, the new manat designs included structural design features that would bring the manat into compliance with international standards, as well as increased security features.

¶5. (SBU) COMMENT: Reuters jumped the gun, reporting the demise of the dual exchange rate. While we know the international financial institutions are pressing the government in this direction, officials have told us the process would likely be slow to "maintain stability," since manipulation of the dual exchange rate funds many social programs, including pensions. There would also be fierce opposition from vested interests in and out of government who have built considerable personal fortunes by manipulating the dual exchange rate. END COMMENT.

HOAGLAND